



GOVERNOR'S OFFICE OF  
BUDGET AND PROGRAM PLANNING

## Fiscal Note 2017 Biennium

<b>Bill #</b>	HB0318	<b>Title:</b>	Require insurance coverage for children with down syndrome
<b>Primary Sponsor:</b>	Hill, Ellie Boldman	<b>Status:</b>	As Introduced

- |   |  |  |
|---|--|--|
| <input type="checkbox"/> Significant Local Gov Impact     | <input type="checkbox"/> Needs to be included in HB 2  | <input type="checkbox"/> Technical Concerns              |
| <input type="checkbox"/> Included in the Executive Budget | <input type="checkbox"/> Significant Long-Term Impacts | <input type="checkbox"/> Dedicated Revenue Form Attached |

### FISCAL SUMMARY

	<u>FY 2016 Difference</u>	<u>FY 2017 Difference</u>	<u>FY 2018 Difference</u>	<u>FY 2019 Difference</u>
<b>Expenditures:</b>				
General Fund	\$0	\$0	\$0	\$0
Other	\$66,596	\$143,846	\$155,354	\$167,782
<b>Revenue:</b>				
General Fund	\$0	\$0	\$0	\$0
Other	\$0	\$0	\$0	\$0
<b>Net Impact-General Fund Balance:</b>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

**Description of fiscal impact:** HB 318 adds the coverage of certain habilitative or rehabilitative therapies for the treatment of Down syndrome for covered dependents 18 years of age or younger by the State of Montana Employee Group Benefits Plan (plan).

### FISCAL ANALYSIS

#### Assumptions

#### **Department of Administration**

1. The additional coverage required by HB 318 is as follows:

- Habilitative or rehabilitative care that is prescribed, provided, or ordered by a licensed physician, including but not limited to professional, counseling, and guidance services and treatment programs that are medically necessary to develop and restore, to the maximum extent practicable, the functioning of the covered child.
- Therapeutic care that is provided as follows:
  - i. Up to 104 sessions per year with a speech-language pathologist,
  - ii. Up to 52 sessions per year with a physical therapist,
  - iii. Up to 52 sessions per year with an occupational therapist.

2. As of the quarter ending September 30, 2014, the plan had 6,155 dependent children aged 0 to 18 enrolled. The prevalence rate for Down syndrome, based on a study by the Center for Disease Control, calculated by age band and adjusted to account for current trends to 2015, is 9.4 per 10,000. The plan estimates there are 5.8 children with Down syndrome currently enrolled on the plan  $[(6,155 \text{ enrollees} * 9.4 \text{ prevalence rate}) / 10,000]$ .
3. Information related to the expected number of visits is not currently available. Therefore, the plan assumes on average the noted patients will utilize 70% of the maximum visits outlined.
4. The estimated number of counseling visits per patient is 12. The average cost per visit is \$88. The estimated annual cost for the additional utilization per patient is \$1,056  $(12 \text{ visits} * \$88 \text{ per visit})$ .
5. The estimated number of speech therapy visits per patient is 72.8. The average cost per visit is \$199. The estimated annual cost for the additional utilization per patient is \$14,487  $(72.8 \text{ visits} * \$199 \text{ per visit})$ .
6. The estimated number of physical therapy visits per patient is 36.4. The average cost per visit is \$104. The estimated annual cost for the additional utilization per patient is \$3,786  $(36.4 \text{ visits} * \$104 \text{ per visit})$ .
7. The estimated number of occupational therapy visits per patient is 36.4. The average cost per visit is \$118. The estimated annual cost for the additional utilization per patient is \$4,295  $(36.4 * 118)$ .
8. The total estimated cost per patient is \$23,624  $(\$1,056 + \$14,487 + \$3,786 + \$4,295)$ . These patients often already have significant out-of-pocket costs for other services. Therefore, it is assumed 20% of the maximum out-of-pocket will be paid for therapy services. The out-of-pocket is estimated to be \$660 per patient. This provides a total estimated cost per patient of \$22,964  $(\$23,624 - 660)$ .
9. The total estimated annual cost to the plan for the additional coverage is \$133,191  $(\$22,964 \text{ per patient} * 5.8 \text{ patients})$ .
10. HB 318 contains an effective date of January 1, 2016. The State of Montana Employee Group Benefit Plan operates on a calendar year basis. The state fiscal year is July 1 through June 30. Therefore, in FY 2016 there will be a fiscal impact to the plan for the period of January 1 through June 30. The FY 2016 impact is estimated to be \$66,596  $(\$133,191 \text{ annual cost} / 2)$ .
11. The average medical cost trend experienced by the plan is 8%. This 8% trend was applied to each fiscal year following FY 2016 to determine the fiscal impact.

**State Auditor's Office**

12. HB 318 has no fiscal impact to the State Auditor's Office. The office does have technical concerns, however, which are addressed in a later section of this note.

**Office of the Commissioner of Higher Education**

13. There is no fiscal impact to the Montana University System benefits program, as the program currently covers similar services for children with Down syndrome. While HB 318 proposes a slight expansion in the services, the cost to the plan would be negligible.

**Fiscal Impact:****Expenditures:**

Benefits	\$66,596	\$143,846	\$155,354	\$167,782
<b>TOTAL Expenditures</b>	<b>\$66,596</b>	<b>\$143,846</b>	<b>\$155,354</b>	<b>\$167,782</b>

**Funding of Expenditures:**

General Fund (01)	\$0	\$0	\$0	\$0
Other	\$66,596	\$143,846	\$155,354	\$167,782
<b>TOTAL Funding of Exp.</b>	<b>\$66,596</b>	<b>\$143,846</b>	<b>\$155,354</b>	<b>\$167,782</b>

**Revenues:**

General Fund (01)	\$0	\$0	\$0	\$0
Other	\$0	\$0	\$0	\$0
<b>TOTAL Revenues</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

**Net Impact to Fund Balance (Revenue minus Funding of Expenditures):**

General Fund (01)	\$0	\$0	\$0	\$0
Other	(\$66,596)	(\$143,846)	(\$155,354)	(\$167,782)

**Effect on County or Other Local Revenues or Expenditures**

1. The impact on local governments cannot be determined, and some local governments may already have the coverage included in their current insurance. If premiums increase due to the additional coverage, the local government could mitigate the impact by having employees pay more of the cost of the premiums.

**Technical Notes:****State Auditor's Office**

1. This bill may trigger a provision in federal law that requires states to make payments to defray the cost of new required benefits imposed by the state after 2011 that are in addition to the essential health benefits (EHB) benchmark in that state (See 45 CFR 155.170). Federal law allows states to include in their EHB benchmark any state benefit mandates that existed as of 12/31/2011. Benefit mandates added after that date may trigger the provision that requires the state to "defray" the cost of additional benefit mandates.
2. The EHB categories required in federal law include medically necessary habilitative and rehabilitative benefits, such as those listed in Section 1 (2) (a) and Section 1 (3), and those benefits may not be viewed as exceeding the EHB benchmark in Montana. However, Section 1 (2) (b) is ambiguous and appears to require a specific number of visits for each type of therapeutic care listed in that section, regardless of medical necessity. Insurers will have to decide whether this law adds additional cost and how much additional cost it would add to the premium for all enrollees. The federal law requires the insurers to calculate the cost and then report it to the exchange – in the office's case, the federally facilitated marketplace.
3. 45 CFR 155.170 (b) requires the state to make payments to the enrollee or the insurer to defray the cost of adding the benefit. Exactly how this would be calculated is unclear, as there has been very little precedent in this area. Therefore, it is difficult to calculate an amount.

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Sponsor's Initials\_\_\_\_\_  
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